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PUBLIC AFFAIRS SECTION
OFFICE OF TRANSLATION AND MEDIA ANALYSIS
INQUIRIES: 03-3224-5360
INTERNET E-MAIL ADDRESS: otmatokyo@state.gov
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(1) Editorial: US beef; Easing import conditions is a reasonable decision

YOMIURI (Page 3) (Full)
December 11, 2007

Japan has started moving forward to ease its strict conditions for US beef imports.

Though it now limits U.S. beef eligible for exports to cattle aged 20 months or younger, it has conveyed to the US its decision to adopt a new age limit of "less than 30 months." It will reportedly consult with the Food Safety Commission (FSC) of the Cabinet Office on this matter.

Japan's import condition limiting US beef eligible for export to cattle up to 20 months in age is the most severe in the world. The proposal for easing this condition is intended to match the international standard. It seems to be a reasonable decision.

In the past, 21-month-old and 23-month-old BSE-positive cows were

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discovered in Japan. The discoveries became the major grounds for Japan to set the age limit at "20 months or younger." However, it is known that since both cows had only a small amount of infectious agent that causes BSE, they were hardly potentially transmissible.

The age limit adopted by major importers of US beef, such as South Korea, Taiwan, Mexico and Russia, is 30 months or younger.

The World Organization for Animal Health (OIE), which is responsible for setting international safety standards for livestock, recognized the U.S. as a country with a controlled risk of mad-cow disease.

The grounds for Japan alone to continue to stick to the condition that limits beef eligible for export to 20 months or younger are weakening.

Even if the age limit is eased, specified risk materials (SRM), such as the brain and spinal columns, where prions, a type of protein that indicates an infection, tend to accumulate, would be removed. Beef would be safe if SRMs are removed.

An increasing number of supermarkets have resumed the sale of US beef. Consumers who are still concerned about the safety of the U.S. beef can opt for domestic or Australian products.

Amid a flurry of hikes in food prices, an increase in US beef imports would be good news, because a drop in the price of beef can be expected. However, the problem remains regarding the fact that the government revealed its policy to ease the age limit only after the bilateral sub-cabinet meeting. Responses after the meeting were also in confusion due to a lack of coordination.

It is necessary for the government to convey correct information by explaining the propriety of easing the import condition to domestic farmers and consumers. It must not neglect efforts to remove anxieties felt by consumers by reexamining the quarantine system.

If Japan eases the age restriction, conditions for US beef imports being restored to the pre-ban level in 2003 would be met.

The U.S. is seeking a total end to the age limit, based on the OIE authorization. It appears to aim at breaking down the barrier

against Japan, thereby urging South Korea and other countries to expand their US beef imports.

It would be premature for Japan to immediately comply with the US request. A realistic approach would be gradually easing the import condition, while obtaining understanding from consumers.

(2) Ozawa seals off "proactive diplomacy" in meeting with Chinese leaders

YOMIURI (Full)
December 9, 2007

Opposition Democratic Party of Japan (DPJ or Minshuto) President Ichiro Ozawa returned home on Dec. 8 from Beijing, wrapping up his three-day-trip there. Amid the Dec. 15 closing of the current Diet session just around the corner, a delegation of 44 Diet members to China came under criticism for making light of the Diet. However, Ozawa was able to keep his face as the largest party in the House of Councillors as his meeting with Chinese President Hu Jintao was

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realized. Some have contended that he avoided discussion on specific bilateral issues as he tried to stress his close relationship with Chinese leaders.

Ozawa said with a satisfied look in his meeting with President Hu: "I appreciate for your unprecedented hospitality." He thanked Hu for shaking hands with Japanese legislators and about 400 party supporters accompanying him. Hu also posed for a group photo session. Dec. 8 morning's the People's Daily' gave front-page play to a report on the Hu-Ozawa meeting with a photo.

Ozawa and other delegation members were given warm welcomes by the Communist Party of Japan's (CPC) Organization Department head Li Yuanchao, who enjoys the confidence of President Hu and is believed to be on the rise, and Hu Chunhua, a first secretary of the Communist Youth League of China, who is called the little Hu Jintao.

Ozawa has emphasized his hopes for the effect by the series of his meetings with Chinese leaders, saying, "If we can show the public our good relations with the United States and China, the public will have some confidence in the DPJ."

The DPJ president did not mention such pending bilateral issues as the gas exploration in the East China Sea.

When Ozawa visited China as head of the then Liberal Party in 1999, his remark that the scope of emergency contingencies surrounding Japan base on the U.S.-Japan Defense Guidelines would include the Taiwan Strait irritated China. Ozawa, whose selling point is to assert his own views even though other parties may not like it, did not push his own positions in consideration of his party's relationship with China in the future. Ozawa double checked the order of his meetings with Chinese figures until immediately before his departure for Beijing. He gave special consideration to his China visit this time around. In the DPJ, there was a plan to hold a study session, inviting an expert who has accused China of oppression of the human rights of Uighurs in China, but the planned study session was cancelled at the suggestion by senior party members. Some party members are now concerned about Ozawa's diplomatic stance in the future.

(3) DPJ's Yamaoka negative about Upper House taking vote on new antiterrorism bill

YOMIURI (Page 4) (Full)
December 9, 2007

Tsuyoshi Endo, Xian

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Democratic Party of Japan (DPJ or Minshuto) Diet Affairs Committee Chairman Kenji Yamaoka held on Dec. 8 an informal meeting with

reporters accompanying him to Xian in China. Asked by reporters about when the House of Councillors would take a vote on a new antiterrorism special measures bill, which is now being deliberated in the upper chamber, he responded:

"It is impossible to put the bill to a vote before Dec. 15. So, it is sure that the current Diet session will be extended again. If sufficient document is not submitted to shed light on the allegation about scandals involving the Defense Ministry, we will not take a vote on the bill. I think there is no bright future (for the

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bill)."

(4) Former Prime Minister Abe resumes activities, supporting conservatives' activities behind scenes

SANKEI (Page 3) (Excerpts)
December 8, 2007

Former Prime Minister Shinzo Abe visited the Yamaguchi Prefectural Government yesterday and gave his first press conference after he resigned as prime minister. Asked about the idea of forming a grand coalition (with the Democratic Party of Japan) as part of efforts to dissolve the current state of the reversal of strengths between the ruling and opposition parties, Abe indicated a certain level of understanding, saying: "To push ahead with policies, politicians must make every possible effort. A large coalition should be one of such options." He also said: "When I was prime minister, there was no specific proposal (for a grand coalition)." To a question about his future political activities, he replied: "I would like to make utmost efforts as one lawmaker to build a new nation, going back to my original intention." Asked if he aims to assume political power again, Abe replied: "I don't have such an idea at all for now."

Abe visited Yamaguchi Prefecture, his electoral district, for the first time in one year and three months. He energetically met Governor Sekinari Nii, local assembly members and his supporters' association members, resuming political activities in full swing. A close aide to Abe said that since he suddenly announced his resignation as prime minister on Sept. 12 and was hospitalized the next day, "he has kept a low profile as much as possible".

In the press briefing yesterday, Abe stressed his willingness to join hands with conservatives in the Liberal Democratic Party, saying: "There are persons who support my basic policy of building up a country while giving priority to culture, tradition, history, and nature. I would like to work together with such persons." In the briefing, although Abe said: "I support the Fukuda administration with all possible efforts," he has told those around him: "I would like to back up" a conservative policy research group set up on Dec. 4 under the lead of his close friend, former Policy Research Council Chairman Shoichi Nakagawa.

After Yasuo Fukuda, who takes policies of a liberal bent, replaced the conservative Abe, "conservative lawmakers in the LDP have been downcast," an LDP source said. The Abe-Nakagawa team had scotched human-rights legislation and a bill to provide foreign residents with local suffrage, but moves are now afoot to submit and enact these bills. When he was convalescing at home, Abe frequently contacted Nakagawa and former Secretary General Taro Aso, so he was worrying about the situation.

On the dispute with China over gas field development in the East China Sea, the Abe administration decided to launch negotiations to compensate fishermen for fishery losses as a precondition for starting test drilling if no progress was made in Japan-China talks by the fall. But the Fukuda administration has put this policy decision on hold. In addressing the issue of Japanese nationals abducted by North Korea, too, a subtle difference is observed in the degrees of eagerness between the former and incumbent administrations.

The House of Representatives is likely to be dissolved next year, so

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Abe cannot keep sitting idly forever. Abe, though, is also aware that his abrupt resignation has been harshly criticized. He intends to support activities by conservative lawmakers behind the scenes for the time being.

(5) Reforms making little headway in a lonely battle by administrative reform minister

TOKYO SHIMBUN (Page 2) (Full)
December 11, 2007

Uncertainty is looming over the task of reforming independent administrative corporations. State Minister in Charge of Administrative Reform Yoshimi Watanabe has held negotiations with relevant cabinet ministers, but he has so far obtained agreement on abolishing only two corporations. Fighting a lonely battle, Watanabe aims to make a rollback in negotiations starting today, but the government agencies concerned have no intention to give in to Watanabe's call.

In a meeting of the House of Councillors' Accounts Committee yesterday afternoon, Watanabe confidently said: "We are about to reach the end of the road at last." But the actual situation is such that they are still at a standstill at the entrance.

Watanabe met separately with eight cabinet ministers from Dec. 3 through Dec. 7 and asked them to cooperate in abolishing or privatizing 39 out of the 102 independent administrative corporations. The reform minister, however, was able to win agreement in only two cases - the National Institute of Health and Nutrition, and the National Institute of Multimedia Education. Although Watanabe also aimed to compile a plan to streamline independent administrative corporations by the end of the year, he has to defer it to next year.

Even if planning is put off, new prospects will not necessarily develop. Appearing on TV programs, Watanabe has been trying to underscore to the public the necessity for streamlining independent administrative corporations, but his efforts have ended up only arousing the anger of the ministers concerned, who he had called forces of resistance, with Agriculture, Forestry and Fisheries Minister Tadatoshi Wakabayashi assailing: "It will be impossible to reach an agreement."

But a government source said: "Many of the reform plans presented by Watanabe are unreasonable." For instance, he proposes privatizing the Urban Renaissance Agency, but since the agency possesses a number of rental houses in which many elderly people live, the proposed measure could result in forsaking the socially weak. Some government and ruling party officers are skeptical about this measure.

Watanabe is counting on the help of Prime Minister Fukuda, who has said: "We must achieve some results in reform," but he is now taking a wait-and-see attitude.

A senior government official, however, said: "We must have the prime minister preserve face, though we don't care about Mr. Watanabe's honor." Before the prime minister begins to move, Chief Cabinet Secretary Nobutaka Machimura is expected to seek the best timing for

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launching coordination work while watching the state of progress in renegotiations.

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(6) Editorial: Use Iran nuclear report to find peaceful solution

TOKYO SHIMBUN (Page 5) (Full)
December 11, 2007

The National Intelligence Estimate (NIE), a report released by the U.S. government with its assessment of Iran's nuclear program,

revises the Bush administration's hardline stance toward Iran. We hope that the NIE report will become an opportunity for the United States and other countries concerned to expedite their efforts for a diplomatic settlement with a flexible posture.

The NIE report says Iran halted its nuclear weapons program in the fall of 2003 and has not resumed it since then. The report revealed that Iran has no nuclear weapons at this point.

Concerning Iran's capability of developing nuclear weapons, the NIE report says Iran cannot enrich enough uranium needed for nuclear weapons before 2009. The report, however, forecasts that it would be possible for Iran to produce enough highly enriched uranium to develop nuclear weapons between 2010 and 2015. In addition, the report also notes that the option of developing nuclear weapons still remains because Iran continues to enrich uranium.

In 2002, suspicions about Iran's nuclear program came to light. Since then, the Bush administration has consistently stressed the Iranian threat. In October, the Bush administration warned that Iran's nuclear program could lead to a third world war.

There was a rise of arguments from among hardliners in the U.S. administration and in the United States, calling even for airstrikes on Iran's nuclear facilities in response to its attitude of ignoring a UN Security Council resolution.

The NIE report this time could cause President Bush to lose the basis for his hard-line policy toward Iran. We think that the Bush administration, taking this report as an occasion, should formulate a comprehensive policy to ease confrontation, including direct dialogue with Iran.

Iran has asserted that its nuclear program is for peaceful purposes. Iranian Foreign Minister Mottaki takes it for granted that the U.S. government revised its perception of Iran to a down-to-earth view in its Iran report. However, Iranian President Ahmadinejad has been tough in his remarks. The international community still remains doubtful of Iran.

Iran must demonstrate that its nuclear program is for peaceful purposes. Last month, the International Atomic Energy Agency released a report, which points to Iran's uncooperative attitude. It is important that Iran ratifies an additional protocol at an early date and extends unconditional and full cooperation to the IAEA.

The United States, Britain, France, China, Russia, and Germany are talking about an additional sanctions resolution. European leaders are leaning toward a hard-line posture toward Iran, such as taking economic sanctions. We should be cautious while giving thought to the course of events of the past as well as the NIE.

Libya and South Africa once tried to develop nuclear weapons. The two countries, however, gave up on their nuclear programs, and they

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are now back in the international community. North Korea, which carried out a nuclear test, is also beginning to disable its nuclear facilities through the process of the six-party talks.

We hope that the US government's report this time will lead to a peaceful solution of Iran's nuclear issue.

(7) Interview with Keio University Prof. Heizo Takenaka; Top priority should be on drastic cut in expenditures

MAINICHI (Page 11) (Full)
December 11, 2007

The government's work of revising the tax system and compiling the state budget for fiscal 2008 is going into the homestretch. Decisions on a specific timing for a hike in the consumption tax rate and on the margin of hike have been put off, and calls for a tax hike are increasingly becoming stronger. Although tax revenues are not expected to increase, political pressure on expenditures has stepped up. This newspaper interviewed Keio University Prof. Heizo

Takenaka on such issues.

Ten years ago, in 1997, the government raised the consumption tax rate from 3 PERCENT to 5 PERCENT, attaching excessive importance on fiscal reconstruction. As a result, the Japanese economy worsened at one stroke, leading to the end of the cabinet of Prime Minister Ryutaro Hashimoto (who resigned as prime minister to take responsibility for the crushing defeat of his Liberal Democratic Party in the 1998 House of Councillors election). We need to recall that time. Unfortunately, some people are eager to revisit the situation 10 years ago, taking an extremely biased argument. Looking at the rest of the world, we see that those countries that attempted to increase taxes as part of fiscal reconstruction all came to grief. Countries that first reduced their expenditures succeeded in their fiscal reconstruction efforts. What is important is to strike a balance between economic growth and fiscal reconstruction. The nominal growth in GDP does not rise when deflation cannot be overcome, and tax revenues do not increase when the nominal rate of growth cannot rise.

If the Bank of Japan (BOJ) takes appropriate monetary policy measures, it will be possible to attain a nominal growth rate of three to four percent. If the BOJ increases purchases of government bonds from the markets, money supply would have increased and deflation would have been overcome. If the BOJ keeps the present policy as is, nothing will be changed even if the consumption tax rate is hiked. If expenditures are not cut, the consumption tax should be raised soon to about 20 PERCENT.

There is criticism of the reform policies carried out by former Prime Minister Junichiro Koizumi, but this is a kind of ad hominem attack. I have yet to hear a logical explanation. If I may venture a reason for the criticism, it was because the Koizumi government cut seven to eight trillion yen out of the public works budget. However, without reducing the outlays for public works projects, we would have had to raise the consumption tax rate by 3.5 PERCENT. Which is the better option: returning to public works spending and raising the consumption tax or and keeping the present situation as is? I feel certain that most people would choose the latter course.

(8) Interview with Airbus Japan President Glen Fukushima: Will aim at gaining 40-60 PERCENT share of Japanese market

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SANKEI (Page 11) (Full)
December 8, 2007

-- Airbus is outdoing Boeing on the global aircraft market. However, it is having difficulty making inroads into the Japanese market.

"Airbus has a 49 PERCENT share on the North American market, a 62 PERCENT share on the European market, an 83 PERCENT share on the Middle East and African market and a 55 PERCENT share in the Asia-Pacific region. However, our share in Japan is only 4 PERCENT."

-- What are the reasons for that?

""There are roughly four reasons. The first reason is that Boeing opened its Japan office in 1953, while Airbus set up a company in Japan in 1970. Boeing advanced into Japan much earlier than Airbus. The Japanese market is of a closed nature. Late-comer companies find it difficult to advance into it. The second reason is that Boeing has close relations with Japanese heavy manufacturing companies through joint production. Twenty-one Japanese companies took part in the joint project to develop Airbus's super-jumbo jet A380. However, their share in the development of the entire fuselage is no more than 2 PERCENT. In contrast, China is positive about joint production. It is positively trying to acquire production technologies. Russia and India are also enthusiastic.

"The third reason is that the U.S. government requested Japan purchase U.S.-made aircraft during the time of bilateral trade friction between the 1980s and the 1990s. Purchasing Boeing aircraft helps Japan reduce its trade surplus with the U.S. The fourth reason

is that half the Boeing's products are defense-related. Its relations with Japan's defense industry and the defense policy clique in the Diet are also an advantage for it.

-- Do you think Japan's market is special?

"Air France buys aircraft both from Airbus and Boeing in order to have them compete in terms of prices. China also forces competition. The same holds true of US carriers. Airline companies throughout the world buy airplanes from both companies. In contrast, Japanese carriers are highly loyal to Boeing, but they are also biased. "

-- What is the reason for Airbus still sticking to the Japanese market?

"Star Flyer, a new comer, purchased 4 Airbus aircraft and Galaxy, a subsidiary of Sagawa Express, bought two of our products in the two years and nine months since I took office as president. All Nippon Airways also purchased five. Japan has a huge population. Japanese airlines are world class in size. Both the passenger and cargo plane markets are promising. Japan is still a key market."

-- What is your strategy for finding a breakthrough in the present situation?

"Seven air carriers in Asia, such as Singapore and Thailand, have 19 A380 aircraft with excellent gas mileage and technology. I hope Japanese carriers will realize that the introduction of A380s is a good choice in terms of maintaining global competitiveness. We are also developing the A350 aircraft, a medium-size long-distance

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passenger aircraft, to counter Boeing. We will also work on Japanese companies for joint production."

-- What is your goal?

"Our head office in Europe expects me to secure a global-level share. I will aim at obtaining a 40 PERCENT -60 PERCENT share of the Japanese market."

(9) U.S. Embassy to pay 70 million yen for 10 years of back rent

ASAHI (Page 4) (Full)
December 8, 2007

The Japanese and U.S. governments have reached an agreement that the United States will pay 70 million yen to Japan for 10 years worth of rent for its Embassy in Akasaka, which is state-owned land, and also to accept a gradual increase in the rent beginning in 2008. The Japanese government had considered taking legal action against the U.S. government because the statute of limitations expires in the middle of this month on the rent for 1998, but the two sides have finally reached the agreement.

The rent for 1997 was 2.5 million yen per year. Japan proposed raising the rent in stages from 1998 until it was at a level ten times higher because of the high commercial rents, but the U.S. government rejected the proposal and has failed to pay rent since 1998. Tokyo and Washington had intermittently held negotiations.

According to the agreement, the United States will pay 7 million yen a year for the 10-year period through 2007, 10 million yen a year between 2008 and 2012, and 15 million yen a year between 2013 and 2027. Although the annual rent the U.S. Embassy will pay is still low compared with the average commercial rents in the neighborhood, the Japanese government made a compromise.

SCHIEFFER